

**GRAND
TETON
MUSIC
FESTIVAL**
JACKSON HOLE, WYOMING

Grand Teton Music Festival, Inc.

Consolidated Financial Statements
Year Ended December 31, 2021

Grand Teton Music Festival, Inc.

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Grand Teton Music Festival, Inc.

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Independent Auditor's Report

The Board of Directors
Grand Teton Music Festival, Inc. and GTMF Housing, LLC
Jackson Hole, Wyoming

Opinion

We have audited the accompanying consolidated financial statements of the Grand Teton Music Festival, Inc and GTMF Housing, LLC (collectively, the Festival), which comprise the consolidated statement of financial position as of December 31, 2021, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Festival as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Festival and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Festival's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Festival's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Festival's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

The 2020 financial statements of the Festival were audited by other auditors, whose report dated September 8, 2021 expressed an unmodified opinion on those statements.

BDO USA, LLP

August 15, 2022

Grand Teton Music Festival, Inc.

Consolidated Statement of Financial Position (with comparative totals for 2020)

December 31,	2021	2020
Assets		
Current Assets		
Cash and cash equivalents (Notes 2 and 3)	\$ 2,224,609	\$ 2,894,971
Investments, at fair value (Notes 2, 3, and 4)	11,676,021	10,192,771
Accounts and pledges receivable (Notes 2, 3, and 6)	699,115	12,931
Prepaid expenses	-	12,738
Total Current Assets	14,599,745	13,113,411
Property and Equipment, Net (Notes 2 and 7)	7,366,593	7,492,229
Total Assets	\$ 21,966,338	\$ 20,605,640
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 49,272	\$ 37,741
Accrued scholarships	74,233	57,559
Deferred revenue	850,532	37,415
Refundable advance	-	128,694
Total Liabilities	974,037	261,409
Commitments and Contingency (Notes 2, 3, 5, 7, 8, 9, 10 and 12)		
Net Assets (Notes 2, 3, 9 and 10)		
Without donor restrictions:		
Undesignated	5,580,378	6,942,066
Housing property, net	3,024,002	2,794,110
Board designated	8,350,073	6,790,983
Total Without Donor Restrictions	16,954,453	16,527,159
With donor restrictions (Notes 2, 9, and 10)	4,037,848	3,817,072
Total Net Assets	20,992,301	20,344,231
Total Liabilities and Net Assets	\$ 21,966,338	\$ 20,605,640

See accompanying notes to consolidated financial statements.

Grand Teton Music Festival, Inc.

Consolidated Statement of Activities

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions and grants	\$ 2,632,242	\$ 848,500	\$ 3,480,742
In-kind contributions	161,900	-	161,900
Ticket sales	496,941	-	496,941
Other festival revenue	604,470	-	604,470
Special events, net of direct cost to donors of \$7,250	61,500	-	61,500
Rental revenue	534,451	-	534,451
Interest revenue, net of fees	425,428	-	425,428
Net realized and unrealized loss on investments	(832,087)	-	(832,087)
Net assets released from restrictions	627,724	(627,724)	-
Total Revenues	4,712,569	220,776	4,933,345
Expenses			
Program services:			
Festival expenses	3,135,746	-	3,135,746
Housing expenses	245,227	-	245,227
Total Program Services	3,380,973	-	3,380,973
Supporting services:			
Management and general	779,778	-	779,778
Fundraising	400,398	-	400,398
Total Supporting Services	1,180,176	-	1,180,176
Total Expenses	4,561,149	-	4,561,149
Non-Operating Revenues			
PPP loan forgiveness	275,874	-	275,874
Total Non-Operating Revenues	275,874	-	275,874
Change in Net Assets	427,294	220,776	648,070
Net Assets, beginning of year	16,527,159	3,817,072	20,344,231
Net Assets, end of the year	\$ 16,954,453	\$ 4,037,848	\$ 20,992,301

See accompanying notes to consolidated financial statements.

Grand Teton Music Festival, Inc.

Consolidated Statement of Activities

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions and grants	\$ 1,477,370	\$ 730,884	\$ 2,208,254
Ticket sales	1,037	-	1,037
Other festival revenue	7,102	-	7,102
Rental revenue	265,321	-	265,321
Interest revenue, net of fees	203,907	-	203,907
Net realized and unrealized gains on investments	643,169	-	643,169
Net assets released from restrictions	959,270	(959,270)	-
Total Revenues	3,557,176	(228,386)	3,328,790
Expenses			
Festival expenses	2,010,615	-	2,010,615
Housing expenses	257,124	-	257,124
Management and general	354,748	-	354,748
Fundraising	207,721	-	207,721
Total Expenses	2,830,208	-	2,830,208
Change in Net Assets	726,968	(228,386)	498,582
Net Assets, beginning of year	15,800,191	4,045,458	19,845,649
Net Assets, end of the year	\$ 16,527,159	\$ 3,817,072	\$ 20,344,231

See accompanying notes to consolidated financial statements.

Grand Teton Music Festival, Inc.
Consolidated Statement of Functional Expenses

Year ended December 31, 2021

	Program Services		Supporting Services			
	Festival	Housing	Management and General	Fundraising	Total	Total
Salaries	\$ 437,622	\$ -	\$ 218,811	\$ 218,811	\$ 437,622	\$ 875,244
Payroll taxes	33,011	-	16,505	16,505	33,010	66,021
Benefits	40,404	-	20,202	20,202	40,404	80,808
Total Salary and Related Expenses	511,037	-	255,518	255,518	511,036	1,022,073
Advertising and promotion	253,804	-	67,681	16,921	84,602	338,406
Education and outreach	82,501	-	4,342	-	4,342	86,843
Festival hall and musician condos	65,462	-	21,821	-	21,821	87,283
Fundraising	-	-	-	70,270	70,270	70,270
Insurance	-	15,538	50,192	-	50,192	65,730
Music program	994,579	-	72,474	-	72,474	1,067,053
Musician fees for services	806,319	-	-	-	-	806,319
Occupancy	3,718	56,105	3,719	-	3,719	63,542
Office expenses	34,614	-	138,454	57,689	196,143	230,757
Professional fees	32,130	24,563	41,881	-	41,881	98,574
Repairs and maintenance	-	41,939	-	-	-	41,939
Service fees	6,612	-	-	-	-	6,612
Travel	221,273	-	-	-	-	221,273
Total Expenses, before depreciation, depletion, and amortization	3,012,049	138,145	656,082	400,398	1,056,480	4,206,674
Depreciation, Depletion, and Amortization	123,697	107,082	123,696	-	123,696	354,475
Total Expenses	\$ 3,135,746	\$ 245,227	\$ 779,778	\$ 400,398	\$ 1,180,176	\$ 4,561,149

See accompanying notes to consolidated financial statements.

Grand Teton Music Festival, Inc.
Consolidated Statement of Functional Expenses

Year ended December 31, 2020

	Program Services		Supporting Services			Total
	Festival	Housing	Management and General	Fundraising	Total	
Advertising and promotion	\$ 136,876	\$ -	\$ 8,051	\$ 16,103	\$ -	\$ 161,030
Depreciation	205,817	102,368	22,868	-	22,868	331,053
Education and outreach	55,573	-	2,925	-	2,925	58,498
Employee benefits	44,124	-	8,825	5,883	14,708	58,832
Festival hall and musician condos	80,722	-	5,152	-	5,152	85,874
Fundraising	-	-	-	70,272	70,272	70,272
Insurance	10,645	7,546	31,936	-	31,936	50,127
Music program	85,452	-	4,498	-	4,498	89,950
Musician fees for services	347,250	-	-	-	-	347,250
Occupancy	-	74,897	7,182	-	7,182	82,079
Office expenses	141,188	-	47,064	-	47,064	188,252
Payroll taxes	47,645	-	9,529	6,353	15,882	63,527
Pension plan contributions	20,822	-	4,164	2,776	6,940	27,762
Professional fees	40,645	29,722	47,372	4,632	52,004	122,371
Repairs and maintenance	1,050	42,591	1,050	-	1,050	44,691
Salaries and wages	753,041	-	150,608	100,405	251,013	1,004,054
Service fees	9,719	-	1,944	1,297	3,241	12,960
Travel	30,046	-	1,580	-	1,580	31,626
Total Expenses	\$ 2,010,615	\$ 257,124	\$ 354,748	\$ 207,721	\$ 562,469	\$ 2,830,208

See accompanying notes to consolidated financial statements.

Grand Teton Music Festival, Inc.

Consolidated Statement of Cash Flows (with comparative totals for 2020)

<i>Year ended December 31,</i>	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 648,070	\$ 498,582
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	354,475	331,053
Net realized and unrealized (gains) losses on investments	832,087	(643,169)
Forgiveness of PPP loan	(275,874)	-
(Increase) decrease in assets:		
Accounts and pledges receivable	(686,184)	306,110
Prepaid expenses	12,738	(12,738)
Increase (decrease) in liabilities:		
Accounts payable	11,531	(11,335)
Accrued scholarships	16,674	13,376
Deferred revenue	813,117	37,415
Refundable advance	(128,694)	128,694
Net Cash Provided by Operating Activities	1,597,940	647,988
Cash Flows from Investing Activities		
Capital expenditure	(228,839)	(77,057)
Purchases of investments	(11,924,301)	(337,392)
Proceeds from sales of investments	9,884,838	1,628,883
Net Cash (Used in) Provided by Investing Activities	(2,268,302)	1,214,434
Net Change in Cash and Cash Equivalents	(670,362)	1,862,422
Cash and Cash Equivalents, beginning of year	2,894,971	1,032,549
Cash and Cash Equivalents, end of year	\$ 2,224,609	\$ 2,894,971

See accompanying notes to consolidated financial statements.

Grand Teton Music Festival, Inc.

Notes to Consolidated Financial Statements

1. Nature of the Organization

Grand Teton Music Festival, Inc. is a not-for-profit corporation founded in 1962 by the Jackson Hole Fine Arts Festival to foster classical music experiences for performers and audiences and to improve and enrich the cultural awareness and opportunities for people in Wyoming and the adjacent area.

GTMF Housing, LLC (Housing) was organized under Section 501(c)(3) of the Wyoming Not-for-Profit Corporation Laws, as a limited liability company of which the Festival is the sole member. The Board of the Festival voted to bought lands and built condos in 2012 to housing musicians for the festival season, this is the sole purpose for this entity.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the Grand Teton Music Festival, Inc. and GTMF Housing, LLC (collectively, the Festival), which are related through common board membership, financial control, and identical management. Intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Festival have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP). In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash.

Net Asset Classification

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Festival reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Festival to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board of Directors (Board) approved spending policy.

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See Note 9 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes.

Cash and Cash Equivalents

Cash and cash equivalents represent short-term investments with original maturities of three months or less. U.S. GAAP requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the consolidated statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the consolidated statement of cash flows. The Festival has no restricted cash at December 31, 2021.

Investment Valuation and Income Recognition

Professional standards establish a framework for measuring fair value and expand the disclosures about fair value measurements. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. U.S. GAAP established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and their placement within the fair value hierarchy.

The Festival classifies fair value balances based on the fair value hierarchy defined by U.S. GAAP, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

The Festival's holdings consist principally of fixed income, mutual funds, and exchange traded funds carried at their stated unit values provided by the investment managers of the funds. Each of these investment managers provides observable detailed information about the underlying securities, all

Grand Teton Music Festival, Inc.

Notes to Consolidated Financial Statements

of which are publicly traded securities. The valuation of these investments is based on Level 1 inputs within the hierarchy used in measuring fair value.

Investment income is recognized when earned and consists of interest, dividends, and realized and unrealized gains and losses. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis. Net realized and unrealized gain and losses is net of direct external investment expenses.

Risks and Uncertainties - Investments

The Festival's investments consist of a variety of investment securities and investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of the Festival's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying Consolidated financial statements.

Depreciation and Amortization

The cost of furniture, fixtures, and equipment are stated at their original cost or at their value on the date of donation and are depreciated over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of the assets are as follows:

Asset Category	Useful Life (Years)
AV buildings	5-39
Hall improvements	2-39
Music equipment	5-7
Office furniture and equipment	2-8
Leasehold improvements	10

Repairs and maintenance are charged to operations in the period incurred.

It is the Festival's policy to capitalize all fixed-asset purchases greater than \$5,000.

Impairment of Long-Lived Assets

U.S. GAAP requires the Festival to review long-lived assets, such as fixed assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairments in 2021.

Income Taxes

The Festival was incorporated in the State of Wyoming and is exempt from federal and state income taxes under Section 501(c)(3) of the IRC and, therefore, has made no provision for income taxes in the accompanying consolidated financial statements. In addition, the Festival has been determined

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by the IRS not to be a “private foundation” within the meaning of Section 509(a) of the IRC. There was no unrelated business income for 2021.

Under U.S. GAAP, an organization must recognize the tax liability associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Festival does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. The Festival has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Festival has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. The Festival is subject to routine audits by a taxing authority. As of December 31 2021, the Festival was not subject to any examination by a taxing authority.

Revenue Recognition

Contributions and Grants

Contributions and grants, including unconditional promises to give that are expected to be collected within one year, are recognized as revenues in the period earned and are either classified as with donor restrictions or without donor restrictions. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met.

Pledges receivable represent unconditional promises to give and are reported at fair value by discounting the expected future pledge payments at the borrowing rate at the statement of financial position date. The discount rate used in the present value technique to determine fair value of pledges receivable is revised at each measurement date to reflect current market conditions and the creditworthiness of donors. In addition, management evaluates payment history and market conditions to estimate allowances for doubtful pledges. Changes in the fair value of pledges receivable are reported in the statement of activities as contribution revenue, except for changes in the allowance, which are reported as program expenses at each subsequent reporting date.

December 31, 2021

Ticket sales	\$	496,941
Total Revenue Subject to ASC 606		496,941
Total Revenue Not Subject to ASC 606		4,436,404
Total Revenue and Support	\$	4,933,345

Revenue Recognition for Exchange Transactions

The Festival earns sales revenue largely from ticket sales, season subscriptions, and program book advertisements. Sales funds are received as services are purchased. Ticket sales and season subscriptions revenues are recorded as events are performed. Program book advertisement revenue is recorded once the Festival displays the advertisement. Sales revenues are billed at different rates depending on what service is purchased. The performance obligation for ticket and season subscription revenue is to provide entertainment to customers and is satisfied once event takes place. The performance obligation for advertisement revenue is to showcase advertisement purchasers during

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events and is satisfied once advertisement is showcased. All individual sales are considered independent as each service's sales price is not dependent on the other.

Advertising

The Festival follows the policy of charging advertising costs, including "in-kind" donations, to expense as incurred.

Use of Estimates

In preparing consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Consolidated financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing the Festival's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on the respective program area, with the exception of those employees who are allocated across all departments based on estimated time spent.
- Other than personnel services, costs are allocated based on full time equivalent.

Management and general expense include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Development costs are expensed as incurred, even though they may result in contributions received in future years.

Net Asset Classification

The state of Wyoming enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date. This law sets standards for endowment spending and preservation of the original gift in accordance with donor intent. Based on its interpretation of the provisions of UPMIFA, the Festival is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and, in doing so, consider a number of factors, including the duration and preservation of its donor-restricted endowment funds. As a result of this interpretation, the Festival classifies as net assets with donor restrictions the original value of gifts donated to be held in perpetuity. Additionally, net assets with time restrictions are classified within net assets with donor restrictions until those amounts are appropriated for expenditure by the Festival.

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Notes to Consolidated Financial Statements

Reclassifications

Certain prior-year balances have been reclassified to be consistent with the current-year consolidated financial statement presentation.

Accounting Pronouncement Issued but Not Yet Adopted

Accounting for Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among foundations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its ROU, the underlying asset for the lease term, and a liability to make lease payments to be recorded. The FASB also issued ASU 2020-05, which deferred the effective date for the Festival's fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Contributed Nonfinancial Assets (Topic 958)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The ASU states that contributed nonfinancial assets be presented on a separate item in the statement of activities apart from contributions of cash and other financial assets. The ASU also outlines specific disclosures that must be made regarding the contributed nonfinancial assets. This ASU is effective for fiscal years beginning after June 15, 2021. Management is currently evaluating the impact of this ASU on its financial statements.

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Grand Teton Music Festival, Inc.

Notes to Consolidated Financial Statements

3. Liquidity and Availability of Resources

The Festival's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

Year ended December 31, 2021

Financial assets:		
Cash and cash equivalents	\$	2,224,609
Investments, at fair value		11,676,021
Accounts and pledges receivable		699,115
Total Financial Assets Available Within One Year		14,599,745
Less: financial assets held to meet donor imposed restriction:		
Purpose restricted		(4,037,848)
Less: financial assets not available within one year:		
Contributions receivable		(70,000)
Less: board designated net assets		(8,350,073)
Amounts Available for General Expenditures Within One Year	\$	2,141,824

Liquidity Management

As part of the Festival's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Festival's board of directors has the ability to call upon board designated funds as part of their liquidity management. In addition, the Festival invests cash in excess of daily requirements in short-term investments.

4. Investments, at Fair Value

The table below sets forth assets measured at fair value:

December 31, 2021

	Level 1	Total
Fixed income	\$ 30,603	\$ 30,603
Mutual fund	8,151,743	8,151,743
Exchange traded funds	2,884,542	2,884,542
Total in Fair Value Hierarchy	\$ 11,066,888	11,066,888
Private equity funds*		609,133
Total Investments, at fair value		\$ 11,676,021

* Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy table. The fair value amounts presented in the preceding table are intended to permit reconciliation of the fair value hierarchy to the accompanying Consolidated statement of financial position.

Grand Teton Music Festival, Inc.

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The market or fair value of the investments detailed above is determined by reference to market quotations at December 31, 2021, except for the fair market value of the private equity funds, which are determined on a yearly basis upon receipt of reports submitted by the investment entities.

The Festival had no financial assets or financial liabilities that were measured at fair value on a non-recurring basis during the year ended December 31, 2021. In addition, there were no transfers between levels during the year ended December 31, 2021.

In accordance with ASU 2009-12, the Festival's disclosures include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the NAV per share or its equivalent for which the fair value is not readily determinable, as of December 31, 2021.

The following table as of and for the year ended December 31, 2021 sets forth a summary of the Festival's investments with a reported NAV:

Investment Type	Fair Value**	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private Equity Funds	\$ 609,133	N/A	Quarterly	90 days' prior written notice

** The fair value of the investment has been estimated using the NAV of the investment.

In general, risks associated with such investments include those related to their underlying investments. There can be no assurance that the Festival will continue to achieve the same level of returns on its investments in limited partnerships and other investment companies that it has received during the past periods or that it will achieve any returns on such investments at all. In addition, there can be no assurance that the Festival will receive a return of all or any portion of its current or future capital investments in limited partnerships and other investment companies. The failure of the Festival to receive the return of a material portion of its capital investments in these investments, or to achieve historic levels of returns on such investments, could have a material adverse effect on the Festival's financial condition and results of operations.

5. Concentrations of Credit Risk

Financial instruments that potentially subject the Festival to concentrations of credit risk consist principally of temporary cash investments. The Festival places its temporary cash investments with high-quality financial institutions and, by policy, limits the amount of credit exposure to any one institution. At times, such investments may be in excess of Federal Deposit Insurance Corporation limits.

6. Accounts and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

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Included in pledges receivable are the following unconditional promises to give:

December 31, 2021

Accounts and pledges receivable	\$	699,115
Net Present Value of Accounts and Pledges Receivable	\$	699,115
Amounts due, excluding discounts, in:		
Less than one year	\$	629,115
One to three years		70,000
	\$	699,115

7. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31, 2021

AV buildings	\$	3,968,402
Land		93,085
Hall improvements		8,602,361
Hall furnishings		237,660
Music equipment		799,756
Office furniture and equipment		177,978
Leasehold improvements		158,970
Total Fixed Assets		14,038,212
Less: accumulated depreciation		6,671,619
Fixed Assets, Net	\$	7,366,593

Depreciation expense was \$354,475 for the year ended December 31, 2021.

8. Small Business Administration Paycheck Protection Program Loan

In April 2020, the Festival applied for and received approval for a loan under the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA) in the amount of \$128,694. On January 25, 2021, the full amount of the PPP loan was forgiven, which is reported in the statement of activities as non-operating revenue - PPP loan forgiveness.

In January 2021, the Festival applied for and received approval for a second round PPP loan administered by the United States Small Business Administration (SBA) in the amount of \$147,180. On September 7, 2021, the full amount of the PPP loan was forgiven, which is reported in the statement of activities as non-operating revenue - PPP loan forgiveness.

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9. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following:

December 31, 2021

Maurice Walk Endowment Fund	\$	2,577,274
Walk Hall Maintenance Fund		212,074
Major Gift Award received for use in future years		570,000
Pledge receivable - time and/or purpose		678,500
	\$	4,037,848

During the year ended December 31, 2021, net assets with donor restrictions of \$627,724 were expended satisfying the restriction stipulated by the donor and, accordingly, were released from restrictions for the following purposes:

December 31, 2021

Hall Improvements	\$	195,840
Music Education		50,000
Future Year Pledges		369,369
New Pledges		12,515
	\$	627,724

Maurice Walk Endowment Fund

As of December 31, 2021, the Festival has one donor restricted endowment fund where the principal is to be held in perpetuity, The Maurice Walk Endowment Fund (MWEF), with a balance of \$2,577,274 at the end of each year. With respect to the MWEF, the Festival's investment policy states: "In 1981 Maurice Walk started the Maurice Walk Endowment Fund (MWEF) with a donor restricted gift of \$500,000. In 2014, the Board permanently fixed the principal of the MWEF at \$2,577,274. The principal is restricted and can never be spent down; however, future investment gains from the MWEF are without donor restriction and available for Festival use and any future losses reduce the funds without donor restrictions only."

10. Endowment and Investment Funds

In 2016, the Board adopted an updated formal written policy on the management of the endowment and investment funds. The Festival recognizes and follows in all respects The Uniform Prudent Management of Institutional Funds Act (UPMIFA), which provides standards for the management and investment of certain endowments.

As part of that policy, spending as approved by the Board is based on a total return strategy, which includes both income and appreciation (both realized and unrealized gains). The Festival's current spending rule allows for the spending of up to 5% of a 12 quarter moving average of the total Funds, which is calculated as of September 30 for the following years budget.

To achieve its investment objectives, the Festival increased the fixed income target allocations by 5% and decreased the equities target allocation by 5% compared to the previous policy. Funds are

Grand Teton Music Festival, Inc.

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invested in a well-diversified asset mix, which include objectives of mutual funds and equities ranging from 40% to 60% with a target of 55% and fixed income investments ranging from 40% to 60% with a target of 45%, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5% of the moving average over the last 12 quarters, while growing the fund if possible. Accordingly, the Festival expects its funds, over time, to produce investment returns that will equal or exceed the sum of spending plus inflation. Actual returns in any given year may vary from that expectation.

Board Designated Net Assets

The remaining invested funds of the Festival were \$8,350,073 at December 31, 2021, which are considered to be Board designated funds to be utilized under Board direction for the future needs of the Festival. See below for the capital, instrument, operating and maintenance reserve funds the Board has set aside. The Housing maintenance reserve is not included in the invested funds balance but in the Housing checking account.

Capital reserve (Festival)	\$	75,000
Instrument reserve (Festival)		51,000
Operating reserve (Festival)		133,935
Maintenance reserve (Housing)		33,400
	\$	293,335

11. In-Kind Contributions

The Festival received donated goods and housing as follows:

December 31, 2021

Housing	\$	147,900
Vehicle		10,000
Jewelry		4,000
	\$	161,900

12. Commitments and Contingencies

Lease Commitments

In March 1, 2018, the Festival entered into a five-year lease agreement to lease office space in Jackson, Wyoming. The Festival incurred rent expense of \$97,760 in 2021, which is included as office expenses on the consolidated statement of functional expenses.

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For the lease expiring February 2023, future minimum rental payments, exclusive of escalation charges, and electric (billed actual), are as follows:

Year ending December 31,

2022	\$	78,960
2023		13,160
	\$	92,120

13. Employee Benefit Plan

The Festival has a 403(b) plan that allows all full-time employees, except for seasonal employees, as defined in the plan agreement, to enter the plan. The plan includes a matching feature that matches salary deferrals 100% up to 5% of the employees' pay. Matching contributions as well as employee deferrals are 100% vested immediately. The Festival may also elect to make discretionary matching contributions. The Festival contributed \$32,345 to the plan for the year ended December 31, 2021.

14. Subsequent Events

The Festival's management has performed subsequent events procedures through August 15, 2022, the date the consolidated financial statements were made available to be issued, and there were no subsequent events requiring adjustment to the consolidated financial statements or disclosures.